



December 28, 1992

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TO: Mr. Ed McAtee, Vice President - NASA
FROM: B. K. Stockdale
RE: New Jersey Heavy-Up

Winston-Salem, N.C. 27102
919-741-5000

Dear Ed,

Our compliments to you and your New Jersey Team on what appears to be a well developed incremental plan to build Winston in the second half of 1992.

Lynn, myself and our BIAD group sat down prior to Christmas to discuss what we know to date about this test and here are our conclusions so far:

- Something positive has definitely happened in New Jersey.
- Winston also appears to be doing better than the norm in other NASA Regions.
- We still have some additional results to come in on New Jersey, but we do not want to get hung up in analysis paralysis while we're trying to sort out exactly what has taken place in New Jersey.
- Select has obviously done very well in New Jersey.
- We need to take some action now based on what we know so far.
- We believe the flighted mix of pack and carton promotions in carton outlets also had a positive impact.

Immediate Next Steps

Due to what looks like a positive impact of heavy spending and concentrated focus on Select the following action will be put into place for Q3 and Q4 spending allocations:

- Since we have an 85% volume protection and 15% trial split for the balance of 1993 (beyond Q1), we are going to continue to split our dollars by % of volume contribution for the 85%, however the 15% will be split by Select performance separately. This will result in NASA (New Jersey in particular) receiving more spending than would normally be the case, since Select is doing better in NASA than most of the balance of the U.S. and Select is our trial opportunity.

"We work for smokers."

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- Secondly, we are going to determine our incremental carry-over dollars from 1992 (into 1993) and place additional "Heavy Select" emphasis dollars into markets where it appears Select has the most potential. This would result in additional funds for Q1 and Q2.

Example: We have forecasted \$7MM of 1992 coupons will not be placed in 1992 and we have funded accordingly by canceling our Q1 FSI. If only \$5MM is required to cover carry-over coupons we will add the \$2MM difference to Select opportunity markets. We realize this secondary action is a bit vague right now, but within a matter of weeks we will know what our carry-over needs are.

Again, thanks for a great effort in New Jersey and really in all of NASA in 1992. Our hats are off to you, Mark Young and your entire staff for a great effort.

Sincerely,



B. K. Stockdale

cc: YWF
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